

**ST. TAMMANY PARISH TOURIST AND
CONVENTION COMMISSION
ST. TAMMANY PARISH, LOUISIANA**

Annual Financial Statements

May 31, 2012

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Independent Auditor's Report

To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission
St. Tammany Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of the St. Tammany Parish Tourist and Convention Commission (the Commission), a component unit of the St. Tammany Parish Council, as of and for the year ended May 31, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission as of May 31, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 17, 2012, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 26 through 27 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's financial statements as a whole. The accompanying supplementary information listed in the table of contents as Supplementary Information is presented for the purpose of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materials respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

October 17, 2012

REQUIRED SUPPLEMENTARY INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Management's Discussion and Analysis For the Year Ended May 31, 2012

As management of the St. Tammany Parish Tourist and Convention Commission (the Commission), we offer this narrative overview and analysis of the Commission's financial activities for the fiscal year ended May 31, 2012. All amounts, unless otherwise indicated, are expressed in whole dollars.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 issued in June 1999.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 8 and 9 provide information about the activities of the Commission as a whole. Fund financial statements begin on page 11. The Commission is a component unit of the St. Tammany Parish Council. Its operations are conducted through the general fund. A special revenue fund is used to account for a portion of the state sales taxes dedicated for the use of performing arts/event centers.

A summary of the basic government-wide financial statements is as follows:

STATEMENT OF NET ASSETS SUMMARY

	2012	2011
Assets		
Cash and Cash Equivalents	\$ 90,171	\$ 1,775
Investments	2,527,786	2,608,417
Receivables (Taxes)	545,308	519,829
Prepaid Expenses	7,383	-
Capital Assets (Net of Accumulated Depreciation)	577,967	589,087
Total Assets	3,748,615	3,719,108
Liabilities		
Accounts Payable	163,203	265,910
Accrued Liabilities	5,036	749
Compensated Absences	42,879	36,761
Total Liabilities	211,118	303,420

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Management's Discussion and Analysis For the Year Ended May 31, 2012

STATEMENT OF NET ASSETS SUMMARY (Continued)

	2012	2011
Net Assets		
Invested in Capital Assets	577,967	589,087
Restricted for Event Centers	44,449	40,129
Unrestricted	2,915,081	2,786,472
Total Net Assets	\$ 3,537,497	\$ 3,415,688

STATEMENT OF ACTIVITIES SUMMARY

	2012	2011
Revenues		
General Revenues		
Sales Taxes		
Local Collections	\$ 1,144,493	\$ 1,175,857
State Appropriation	1,211,251	1,211,250
Grant Revenue	37,200	-
Interest Income	4,537	5,437
Miscellaneous	32,610	54,373
Total Revenues	2,430,091	2,446,917
Expenses		
Promotion of Tourism	2,009,719	1,885,332
Event Centers	298,563	287,250
Total Expenses	2,308,282	2,172,582
Changes in Net Assets	\$ 121,809	\$ 274,335

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Management's Discussion and Analysis For the Year Ended May 31, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The actual general fund revenues exceeded the budgeted amount by \$136,147. The actual general fund expenditures were greater than budgeted by \$5,725.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Commission has the authority to levy 3% hotel occupancy tax. An increase in the tax is not anticipated for 2013. Effective July 1, 2012, ACT No. 465 of Senate Bill NO. 313 became effective, thereby reallocating the distribution of certain sales tax collections in St. Tammany Parish. Beginning fiscal year 2012-2013 the annual appropriation by the legislature to the St. Tammany Parish Tourist and Convention Commission shall be twenty five percent instead of eighty-five percent. The Commission is estimating a decrease in revenues by approximately \$600,000.

CAPITAL ASSETS

During the year ended May 31, 2012, net capital assets decreased by \$11,120, which included additions of \$36,227, depreciation of \$46,296 and net disposals of \$1,051.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Donna O'Daniels, President/CEO, 68099 Hwy. 59, Mandeville, Louisiana 70471.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Net Assets
May 31, 2012

Statement A

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 90,171
Investments	2,527,786
Receivables	545,308
Prepaid Expenses	7,383
Capital Assets, Net	<u>577,967</u>
Total Assets	<u>3,748,615</u>
Liabilities	
Accounts Payable	163,203
Accrued Liabilities	5,036
Compensated Absences	<u>42,879</u>
Total Liabilities	<u>211,118</u>
Net Assets	
Invested in Capital Assets	577,967
Restricted for Event Centers	44,449
Unrestricted	<u>2,915,081</u>
Total Net Assets	<u><u>\$ 3,537,497</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Activities
For the Year Ended May 31, 2012

Statement B

Functions / Programs	Expenses	Program Revenues Operating Grants	Net (Expense) Revenue and Change in Net Assets Governmental Activities
Governmental Activities			
Promotion of Tourism	\$ 2,009,719	\$ 37,200	\$ (1,972,519)
Event Centers	298,563	-	(298,563)
Total Governmental Activities	\$ 2,308,282	\$ 37,200	(2,271,082)
General Revenues			
Sales Taxes			
Local Collections			1,144,493
State Appropriation			1,211,251
Interest Income			4,537
Miscellaneous Income			33,661
Special Item - Loss on Disposal of Capital Assets			(1,051)
Total General Revenues			2,392,891
Change in Net Assets			121,809
Net Assets, Beginning of Year			3,415,688
Net Assets, End of Year			\$ 3,537,497

The accompanying notes are an integral part of these financial statements.

BASIC FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Balance Sheet
Governmental Funds
May 31, 2012

Statement C

	General Fund	Special Revenue Fund	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 90,171	\$ -	\$ 90,171
Investments	2,503,419	24,367	2,527,786
Due from Other Funds	-	100,414	100,414
Receivables	545,308	-	545,308
Prepaid Expenses	7,383	-	7,383
Total Assets	\$ 3,146,281	\$ 124,781	\$ 3,271,062
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 82,871	\$ 80,332	\$ 163,203
Due to Other Funds	100,414	-	100,414
Accrued Liabilities	5,036	-	5,036
Total Liabilities	188,321	80,332	268,653
Fund Balances			
Restricted for:			
Event Centers	-	44,449	44,449
Committed for:			
Slidell Facility Improvements	611,110	-	611,110
Unassigned	2,346,850	-	2,346,850
Total Fund Balances	2,957,960	44,449	3,002,409
Total Liabilities and Fund Balances	\$ 3,146,281	\$ 124,781	\$ 3,271,062

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Financial Statement of Net Assets
May 31, 2012

Statement D

Fund Balances - Total Governmental Funds	\$ 3,002,409
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Amounts reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds.

Governmental Capital Assets	1,103,868
Less: Accumulated Depreciation	(525,901)

Long-term liabilities, including bonds payable, are not due and payable in the
current period and, therefore, are not reported in the governmental funds.

Compensated Absences	<u>(42,879)</u>
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Net Assets of Governmental Activities	<u><u>\$ 3,537,497</u></u>
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended May 31, 2012

Statement E

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues			
Sales Taxes			
Local Collections	\$ 1,144,493	\$ -	\$ 1,144,493
State Appropriation	908,438	302,813	1,211,251
Grant Revenue	37,200	-	37,200
Miscellaneous Income	33,656	5	33,661
Interest Income	4,472	65	4,537
Total Revenues	2,128,259	302,883	2,431,142
Expenditures			
Current			
Personnel			
Salaries, Payroll Taxes and Fringe Benefits	852,563	-	852,563
Marketing and Promotion			
Advertising	612,748	-	612,748
Auto Expenses	17,583	-	17,583
Brochures	28,526	-	28,526
Dues and Subscriptions	26,488	-	26,488
Postage and Shipping	17,505	-	17,505
Research and Development	2,900	-	2,900
Special Promotions	104,898	-	104,898
Tammany Trace	25,000	-	25,000
Telephone	28,431	-	28,431
Trade Shows	25,914	-	25,914
Training	559	-	559
Travel	75,510	-	75,510
Uniforms	331	-	331
General and Administrative			
Auto Expenses	6,688	-	6,688
Capital Expense	44,528	-	44,528
Equipment Rental	9,940	-	9,940
Insurance	34,643	-	34,643
Office Supplies	17,605	-	17,605
Official Notice Publication	510	-	510
Professional Fees	22,885	-	22,885
Rent	4,554	-	4,554
Repairs and Maintenance	21,163	-	21,163
Utilities	12,060	-	12,060
Performing Arts and/or Convention Centers	-	298,563	298,563
Total Expenditures	1,993,532	298,563	2,292,095
Net Changes in Fund Balances	134,727	4,320	139,047
Fund Balances, Beginning of Year	2,823,233	40,129	2,863,362
Fund Balances, End of Year	\$ 2,957,960	\$ 44,449	\$ 3,002,409

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Financial Statement of Activities
For the Year Ended May 31, 2012

Statement F

Net Change in Fund Balances - Total Governmental Funds	\$ 139,047
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(10,069)
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Loss on the disposal of capital assets.	(1,051)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences	<u>(6,118)</u>
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Change in Net Assets of Governmental Activities	<u>\$ 121,809</u>
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

The mission of the St. Tammany Parish Tourist and Convention Commission (the Commission) is to promote and develop tourism within St. Tammany Parish (the Parish). It operates two tourist information centers within the Parish and employs a staff of approximately 25 employees who coordinate advertisements and promotion of tourism for the Parish. The more significant of the Commission's accounting policies are described below.

The Commission was created in 1976, by Ordinance 674 of the St. Tammany Parish Council (the Council). It was re-established as a separate political body under the provisions of Act 47 of the 1995 regular session of the Louisiana Legislature. The Commission is governed by a Board of Commissioners, which are appointed by the Council. The Commission consists of seven commissioners. Six of the members serve terms of three years with the seventh commissioner serving a term of one year to be alternatively appointed from the eastern and western corridors of the Parish.

Reporting Entity

As the governing authority of the Parish for financial reporting purposes, the Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, established criteria for determining which component units should be considered part of the Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The Commission is a component unit of the Parish because the Council appoints all members of the Commission and, as such, is financially accountable for the Commission. However, the Parish governing authority has elected to not report the Commission in its annual financial statements, which is a departure from generally accepted accounting principles. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

The government-wide financial statements are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in three parts: invested in capital assets; restricted net assets; and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the Commission are reported in individual funds in the fund financial statements. Separate financial statements are provided for the governmental funds.

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The Commission reports these major governmental funds:

General Fund - the general operating fund of the Commission; accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. State sales taxes, which have been dedicated for expenditures related to the formation of "event centers" within the Parish, are accounted for in this fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The governmental activities in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, generally, are recorded when a liability is incurred, as under accrual accounting. However, compensated absences are recorded when paid.

Sales tax revenues are collected by the St. Tammany Parish Sheriff and are remitted to the Commission monthly. Taxes are remitted in the month following collection and are considered measurable at the month of collection. Accordingly, sales taxes collected in May 2012 and remitted in June 2012, have been reported as a receivable.

Each state fiscal year, the Louisiana Legislature has the authority to appropriate funds from state sales tax collections to be distributed to tourist and convention commissions throughout the state to be used for tourism development, including support for historic preservation and arts and humanities. The amount appropriated by the state is limited to state sales taxes on hotels and motels within St. Tammany Parish. The amounts appropriated by the state have been recorded in these financial statements. Payments are made quarterly.

Budgets and Budgetary Accounting

The Commission has adopted a budget for its general and special revenue funds. The budgetary practices include notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving increases in expenditures must be approved by the Commission. Budgeted amounts in the accompanying financial statements include all amendments. All budgeted amounts, which are not expended or obligated through contracts, lapse at year end. The Commission's budget is materially consistent with accounting principles generally accepted in the United States of America.

Cash, Cash Equivalents and Investments

Cash includes amounts in demand deposits. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Commission may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Cash and cash equivalents consist of cash, as defined above.

Investments, as required by Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, are reported at fair value.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include building, improvements, furniture and fixtures, computers and other assets, are reported in the governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost, if historical costs are not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

Capital outlays are recorded as expenditures of the general fund, and they are recorded as assets in the government-wide financial statements. Depreciation is recorded on general fixed assets on a government-wide basis.

All capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Buildings	10 - 30 Years
Leasehold Improvements	7 Years
Furniture and Fixtures	7 Years
Computers, Software and Fixtures	5 - 12 Years
Other Assets	5 - 12 Years

Compensated Absences

Employees accrue vacation leave at the rate of ten days per year. At the end of the year, any remaining vacation days are forfeited. Employees accrue sick leave at the rate of twelve days per year. Sick leave is cumulative up to a maximum of 24 days. Upon termination of employment, employees are paid any unused vacation leave, but any remaining sick leave is forfeited. At May 31, 2012, the Commission had accrued compensated absences payable of \$42,879, which has been reported on the Statement of Net Assets. Accrued compensated absences payable increased by \$6,118, during the year ended May 31, 2012.

Fund Equity

Government-Wide Equity is classified as net assets and displayed in three components:

1. *Invested in Capital Assets* - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

2. *Restricted Net Assets* - Net assets with constraints placed on their use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 - b. Law through constitutional provisions or enabling legislation.
3. *Unrestricted Net Assets* - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

Governmental Fund Balances - during fiscal year ended May 31, 2012, the Commission adopted GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance on the balance sheets of governmental-type funds.

In the governmental fund financial statements, fund balances are classified as follows:

1. *Restricted Fund Balance* - amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may be changed or lifted only with consent of resource providers.
2. *Committed Fund Balance* - amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners.
3. *Unassigned Fund Balance* - all amounts not included in other spendable classifications.

The Commission considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Interfund Transactions

Permanent re-allocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents (book balances) at May 31, 2012:

Demand Deposits	<u>\$ 90,171</u>
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These deposits are stated at cost, which approximates market. At May 31, 2012, the Commission had \$162,479 in deposits (collected bank balances) which were fully covered by federal deposit insurance. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Note 3. Investments

At May 31, 2012, the Commission had investments of \$2,527,786, which is invested in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute (LRS) 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a money market-like investment pool. The following facts are relevant for money market-like investment pools:

- *Credit risk:* LAMP is rated AAAm by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 3. Investments (Continued)

- *Concentration of credit risk:* Pooled investments are excluded from the 5% disclosure requirement.
- *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days.
- *Foreign currency risk:* Not applicable to money market-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

Note 4. Receivables

Receivables as of May 31, 2012, consist of the collected monies due from:

Taxes	
St. Tammany Parish Sheriff's Office	\$ 105,713
State of Louisiana	401,658
Other	<u>37,937</u>
Total	<u><u>\$ 545,308</u></u>

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 5. Capital Assets

Change in capital assets for the year ended May 31, 2012, is as follows:

Governmental Activities	Balance May 31, 2011	Increases	Decreases	Balance May 31, 2012
Capital Assets Being Depreciated				
Buildings and Improvements	\$ 851,672	\$ 31,021	\$ -	\$ 882,693
Furniture and Fixtures	52,038	-	-	52,038
Computers and Software	56,453	5,206	(8,597)	53,062
Other	118,616	-	(2,541)	116,075
Total Capital Assets Being Depreciated	1,078,779	36,227	(11,138)	1,103,868
Less Accumulated Depreciation for:				
Buildings and Improvements	(314,258)	(29,646)	-	(343,904)
Furniture and Fixtures	(49,092)	(932)	-	(50,024)
Computers and Software	(41,068)	(5,204)	7,696	(38,576)
Other	(85,274)	(10,514)	2,391	(93,397)
Total Accumulated Depreciation	(489,692)	(46,296)	10,087	(525,901)
Total Capital Assets Being Depreciated, Net	\$ 589,087	\$ (10,069)	\$ (1,051)	\$ 577,967

Note 6. Accounts Payable

At May 31, 2012, accounts payable consisted of the following:

	General Fund	Special Revenue Fund	Total
Trade Payables	\$ 79,657	\$ 80,332	\$ 159,989
Credit Card Payable	3,214	-	3,214
Total	\$ 82,871	\$ 80,332	\$ 163,203

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 7. Interfund Receivables/Payables

Interfund receivables/payables between funds for the year ended May 31, 2012, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 100,414
Special Revenue Fund	100,414	-
Total	\$ 100,414	\$ 100,414

Interfund receivables and payables are made up of the portion of state sales tax receivable legally restricted to expenditures related to the formation of "event centers" within the Parish.

Note 8. Compensation Paid to Commissioners

The Commissioners received no compensation from the Commission for the year ended May 31, 2012.

Note 9. Contingent Liabilities

The Commission is contingently liable to the St. Tammany Parish Council for the acreage transferred to the Commission in a prior year, in the event that the Commission no longer has a need to utilize this land donated by the Council. The Commission has agreed to give the Council the first right to buy the property. In the event the Council does not exercise its first right to buy the property, then upon subsequent sale of the property, the Commission must reimburse the Council an amount of money equal to the fair market value of the land at the time of sale, less improvements, based upon an appraisal to be determined by two independently chosen appraisers.

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION

Notes to Financial Statements

Note 10. Event Center Program

In accordance with LRS 47:302.26, the Commission has placed 25% of its state funding in the special revenue fund, to be used by performing arts and/or convention centers within St. Tammany Parish. At May 31, 2012, the fund balance of \$44,449 is available for the use of event centers. Beginning June 1, 2004, the state has restricted 40% of the special revenue fund revenues to the East St. Tammany Event Center District and 40% to the Recreation District No. 1 of St. Tammany Parish. Effective July 1, 2012, the Commission will no longer be receiving state funding restricted for performing arts and/or convention centers (see Note 13).

Note 11. Deferred Compensation Plan

Certain employees of the Commission participate in the Louisiana Public Employees' Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

Note 12. Excess Expenditures over Appropriations

During the year ended May 31, 2012, the General Fund's actual expenditures of \$1,993,532 exceeded the budget expenditures of \$1,987,807, resulting in an unfavorable variance of \$5,725.

Note. 13. Subsequent Events

Effective July 1, 2012, ACT No. 465 of Senate Bill NO. 313 became effective thereby reallocating the distribution of certain sales tax collections in St. Tammany Parish. Beginning fiscal year 2012-2013, the annual appropriation by the legislature to the St. Tammany Parish Tourist and Convention Commission shall be twenty five percent instead of eighty-five percent. The Commission is estimating a decrease in revenues by approximately \$600,000.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULES

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Budgetary Comparison Schedule
General Fund
For the Year Ended May 31, 2012

Schedule 1

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Sales Taxes				
Local Collections	\$ 1,109,325	\$ 1,109,325	\$ 1,144,493	\$ 35,168
State Appropriation	844,687	844,687	908,438	63,751
Grant Revenue	-	-	37,200	37,200
Miscellaneous Income	32,000	32,000	33,656	1,656
Interest Income	6,100	6,100	4,472	(1,628)
Total Revenues	1,992,112	1,992,112	2,128,259	136,147
Expenditures				
Current				
Marketing and Promotion				
Advertising	485,000	485,000	612,748	(127,748)
Auto Expenses	20,000	20,000	17,583	2,417
Brochures	90,000	90,000	28,526	61,474
Dues and Subscriptions	22,000	22,000	26,488	(4,488)
Personnel	882,467	882,467	852,563	29,904
Postage and Shipping	20,000	20,000	17,505	2,495
Research and Development	20,000	20,000	2,900	17,100
Special Promotions	90,000	90,000	104,898	(14,898)
Tammany Trace	25,000	25,000	25,000	-
Telephone	24,000	24,000	28,431	(4,431)
Trade Shows	35,000	35,000	25,914	9,086
Training and Education	2,000	2,000	559	1,441
Travel	80,000	80,000	75,510	4,490
Uniforms	3,500	3,500	331	3,169
General and Administrative				
Auto Expenses	6,500	6,500	6,688	(188)
Equipment Rental	8,000	8,000	9,940	(1,940)
Insurance	35,000	35,000	34,643	357
Office Supplies	28,920	28,920	17,605	11,315
Official Notice Publication	1,300	1,300	510	790
Professional Fees	20,000	20,000	22,885	(2,885)
Rent	5,600	5,600	4,554	1,046
Repairs and Maintenance	25,000	25,000	21,163	3,837
Travel	1,020	1,020	-	1,020
Utilities	12,500	12,500	12,060	440
Capital Outlay	45,000	45,000	44,528	472
Total Expenditures	1,987,807	1,987,807	1,993,532	(5,725)
Net Change in Fund Balance	\$ 4,305	\$ 4,305	134,727	\$ 130,422
Fund Balance, Beginning of Year			2,823,233	
Fund Balance, End of Year			\$ 2,957,960	

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Budgetary Comparison Schedule
Special Revenue Fund
For the Year Ended May 31, 2012

Schedule 2

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable/ (Unfavorable)
Revenues				
Sales Taxes				
State Appropriation	\$ 281,563	\$ 302,813	\$ 302,813	\$ -
Miscellaneous Income	-	6	5	(1)
Interest Income	24	65	65	-
Total Revenues	<u>281,587</u>	<u>302,884</u>	<u>302,883</u>	<u>(1)</u>
Expenditures				
Current				
Event Centers	<u>281,563</u>	<u>298,563</u>	<u>298,563</u>	<u>-</u>
Total Expenditures	<u>281,563</u>	<u>298,563</u>	<u>298,563</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 24</u>	<u>\$ 4,321</u>	<u>4,320</u>	<u>\$ (1)</u>
Fund Balance, Beginning of Year			<u>40,129</u>	
Fund Balance, End of Year			<u>\$ 44,449</u>	

SUPPLEMENTARY INFORMATION

ST. TAMMANY PARISH TOURIST AND CONVENTION COMMISSION
Schedule of Governing Board
For the Year Ended May 31, 2012

Board of Commissioners	Term of Office	Compensation
Alicia Irmscher 605 Dockside Drive Slidell, LA 70461	December 31, 2012	\$-0-
Celia Bezou 20263 Brunning Road Covington, LA 70435	December 31, 2012	\$-0-
Mark Myers 84 Chamale Drive Slidell, LA 70460	December 31, 2013	\$-0-
Daniel Schaus 832 East Boston Street, Unit 17 Covington, LA 70433	December 31, 2012	\$-0-
Dian Lusher 81340 Jim Lloyd Road Folsom, LA 70437	December 31, 2012	\$-0-
Pablo Melendez 1638 Shylock Drive Slidell, LA 70461	December 31, 2013	\$-0-

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
St. Tammany Parish Tourist and Convention Commission
St. Tammany Parish, Louisiana

We have audited the financial statements of the St. Tammany Parish Tourist and Convention Commission as of and for the year ended May 31, 2012, and have issued our report thereon dated October 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the St. Tammany Parish Tourist and Convention Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the St. Tammany Parish Tourist and Convention Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Tourist and Convention Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Tourist and Convention Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Tammany Parish Tourist and Convention Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended for the information of management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

October 17, 2012